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## **Consumer Price Index, Houston-Galveston-Brazoria – December 2014**

### **Area prices fall 1.2 percent during two-month period, up 1.1 percent over the year**

The Consumer Price Index for All Urban Consumers (CPI-U) in the Houston area fell 1.2 percent in November and December, the U.S. Bureau of Labor Statistics reported today. Regional Commissioner Stanley W. Suchman noted that the decline was primarily the result of falling energy prices, particularly a 20.6-percent drop in gasoline costs. A decrease in the index for all items less food and energy (down 0.3 percent) also contributed, while food prices were unchanged during the period. (Data in this report are not seasonally adjusted. Accordingly, short-term changes may reflect the impact of seasonal influences.)

During the 12 months ended in December 2014, the all items CPI-U advanced 1.1 percent. This was the slowest annual rate of increase since the year ended in April 2013 when prices rose 0.7 percent. Prices for all items less food and energy rose at a 2.3-percent pace. (See [chart 1.](#))

**Chart 1. Over-the-year percent change in CPI-U, Houston-Galveston-Brazoria, December 2011–December 2014**

Percent



Source: U.S. Bureau of Labor Statistics.

### **Food**

Local food prices were unchanged in November and December, after increasing 0.7 percent in September and October. Movements among the two components of the index were markedly different as prices for food at home (grocery store prices) fell 0.5 percent while prices for food away from home rose 0.7 percent.

From December 2013 to December 2014, the food index advanced 3.2 percent, reflecting the combined effects of a 3.3-percent price rise at grocery stores and a 3.0-percent price rise for food away from home.

## **Energy**

The energy index fell 10.6 percent in November and December, after registering a 4.9-percent decline in September and October. The current decline was primarily the result of a 20.6-percent decrease in gasoline prices. This was the largest negative two-month change for gasoline since November and December 2008 (-47.4 percent). Partially offsetting the gasoline decrease, electricity prices rose 4.8 percent and natural gas costs were unchanged during the period.

During the year ended in December 2014, the energy index decreased 11.1 percent as a result of lower motor fuel costs, as gasoline prices fell 22.9 percent – the fastest annual price decline recorded since the year ended in September 2009 (-31.6 percent). Also contributing to the overall energy decline were lower natural gas prices, down 2.9 percent during the period. In contrast, electricity prices rose 9.7 percent over the year.

## **All items less food and energy**

The index for all items less food and energy fell 0.3 percent in November and December, after rising 0.9 percent in September and October. A 9.1-percent decrease in apparel prices had the greatest impact on the current decline, though a decrease in the index for recreation also contributed (down 0.6 percent). Partially offsetting these declines, prices rose for shelter (0.6 percent), education and communication (0.6 percent), and medical care (0.4 percent).

During the year ended in December 2014, the index for all items less food and energy rose 2.3 percent. The biggest factor by far in the annual increase was a 4.3-percent advance in shelter costs, though higher prices for other goods and services (3.0 percent), education and communication (2.6 percent), and medical care (1.0 percent) also contributed. Countering a portion of these increases, apparel prices fell 9.4 percent over the year.

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**The February 2015 Consumer Price Index for All Items for Houston-Galveston-Brazoria will be released on March 24, 2015.**

## **Technical Note**

The Consumer Price Index (CPI) is a measure of the average change in prices over time in a fixed market basket of goods and services. The Bureau of Labor Statistics publishes CPIs for two population groups: (1) a CPI for All Urban Consumers (CPI-U) which covers approximately 89 percent of the total population and (2) a CPI for Urban Wage Earners and Clerical Workers (CPI-W) which covers 28 percent of the total population. The CPI-U includes, in addition to wage earners and clerical workers, groups such as professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, and retirees and others not in the labor force.

The CPI is based on prices of food, clothing, shelter, and fuels, transportation fares, charges for doctors' and dentists' services, drugs, and the other goods and services that people buy for day-to-day living. Each month, prices are collected in 87 urban areas across the country from about 4,000 housing units and approximately 26,000 retail establishments--department stores, supermarkets, hospitals, filling stations, and other types of stores and service establishments. All taxes directly associated with the purchase and use of items are included in the index.

The index measures price changes from a designated reference date (1982-84) that equals 100.0. An increase of 16.5 percent, for example, is shown as 116.5. This change can also be expressed in dollars as follows: the price of a base period "market basket" of goods and services in the CPI has risen from \$10 in 1982-84 to \$11.65. For further details, see the CPI home page on the Internet at [www.bls.gov/cpi](http://www.bls.gov/cpi) and the BLS Handbook of Methods, Chapter 17, *The Consumer Price Index*, available on the Internet at [www.bls.gov/opub/hom/homch17\\_a.htm](http://www.bls.gov/opub/hom/homch17_a.htm).

In calculating the index, price changes for the various items in each location are averaged together with weights that represent their importance in the spending of the appropriate population group. Local data are then combined to obtain a U.S. city average. Because the sample size of a local area is smaller, the local area index is subject to substantially more sampling and other measurement error than the national index. In addition, local indexes are not adjusted for seasonal influences. As a result, local area indexes show greater volatility than the national index, although their long-term trends are quite similar. **NOTE: Area indexes do not measure differences in the level of prices between cities; they only measure the average change in prices for each area since the base period.**

The **Houston-Galveston-Brazoria, Texas, Consolidated Metropolitan Statistical Area (CMSA)** includes Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller Counties.

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**Table 1. Consumer Price Index for All Urban Consumers (CPI-U): Indexes and percent changes for selected periods, Houston-Galveston-Brazoria, TX (1982-84=100 unless otherwise noted)**

Item and Group	Indexes			Percent change from -		
	Oct. 2014	Nov. 2014	Dec. 2014	Dec. 2013	Oct. 2014	Nov. 2014
All items .....	214.791		212.169	1.1	-1.2	
All items (1967 = 100) .....	688.912		680.503			
Food and beverages .....	221.839		221.976	3.0	0.1	
Food .....	221.706		221.813	3.2	0.0	
Food at home .....	224.345	221.201	223.216	3.3	-0.5	0.9
Food away from home .....	214.266		215.838	3.0	0.7	
Alcoholic beverages .....	213.729		214.319	0.2	0.3	
Housing .....	197.960		199.332	4.3	0.7	
Shelter .....	231.138	231.762	232.496	4.3	0.6	0.3
Rent of primary residence <sup>(1)</sup> .....	221.527	223.405	224.652	5.2	1.4	0.6
Owners' equivalent rent of residences <sup>(1)</sup> <sup>(2)</sup> .....	213.904	215.069	216.194	4.0	1.1	0.5
Owners' equivalent rent of primary residence <sup>(1)</sup> <sup>(2)</sup> .....	213.904	215.069	216.194	4.0	1.1	0.5
Fuels and utilities .....	174.489		179.612	6.2	2.9	
Household energy .....	160.521	158.285	166.783	7.3	3.9	5.4
Energy services <sup>(1)</sup> <sup>(3)</sup> .....	157.542	155.362	163.863	7.5	4.0	5.5
Electricity <sup>(1)</sup> .....	157.951	155.332	165.525	9.7	4.8	6.6
Utility (piped) gas service <sup>(1)</sup> .....	142.941	142.967	142.955	-2.9	0.0	0.0
Household furnishings and operations .....	122.678		121.513	3.0	-0.9	
Apparel .....	202.332		184.005	-9.4	-9.1	
Transportation .....	187.543		176.934	-4.9	-5.7	
Private transportation .....	185.978		175.435	-5.0	-5.7	
Motor fuel .....	269.669	246.209	216.116	-22.1	-19.9	-12.2
Gasoline (all types) .....	269.304	244.924	213.788	-22.9	-20.6	-12.7
Gasoline, unleaded regular <sup>(4)</sup> .....	277.012	251.032	218.370	-23.6	-21.2	-13.0
Gasoline, unleaded midgrade <sup>(4)</sup> <sup>(5)</sup> .....	276.724	253.910	224.406	-21.0	-18.9	-11.6
Gasoline, unleaded premium <sup>(4)</sup> .....	269.363	250.143	222.083	-18.8	-17.6	-11.2
Medical care .....	434.273		436.002	1.0	0.4	
Recreation <sup>(6)</sup> .....	106.633		105.970	1.7	-0.6	
Education and communication <sup>(6)</sup> .....	123.296		124.057	2.6	0.6	
Other goods and services .....	385.347		385.829	3.0	0.1	
<b>COMMODITY AND SERVICE GROUP</b>						
Commodities .....	181.716		174.919	-2.6	-3.7	
Commodities less food and beverages .....	160.637		151.251	-5.6	-5.8	
Nondurables less food and beverages .....	222.312		200.642	-10.7	-9.7	
Durables .....	105.609		105.180	1.6	-0.4	
Services .....	249.389		250.966	3.9	0.6	
<b>SPECIAL AGGREGATE INDEXES</b>						
All items less shelter .....	208.499		204.423	-0.1	-2.0	
All items less medical care .....	203.692		200.984	1.1	-1.3	
Commodities less food .....	162.729		153.540	-5.5	-5.6	
Nondurables .....	222.896		211.823	-4.2	-5.0	
Nondurables less food .....	221.695		201.283	-10.1	-9.2	
Services less rent of shelter <sup>(2)</sup> .....	267.620		269.631	3.8	0.8	
Services less medical care services .....	230.556		232.096	4.2	0.7	
Energy .....	211.786	199.374	189.281	-11.1	-10.6	-5.1
All items less energy .....	217.660		217.089	2.4	-0.3	
All items less food and energy .....	216.796		216.102	2.3	-0.3	

Note: See footnotes at end of table.

(1) This index series was calculated using a Laspeyres estimator. All other item stratum index series were calculated using a geometric means estimator.

(2) Indexes on a December 1982=100 base.

(3) Prior to January 2011 this series was titled Gas (piped) and electricity.

(4) Special index based on a substantially smaller sample.

(5) Indexes on a December 1993=100 base.

(6) Indexes on a December 1997=100 base.

Note: Index applies to a month as a whole, not to any specific date.